

## **Tax residency according to the legal provision of the 60-day stay in the Republic**

(The Income Tax Law, Article 2)

### **1. Application of the 60-day rule for obtaining tax residency**

According to the Income Tax Law, the term "resident of the Republic" includes, in addition to the person who resides 183 days in Cyprus, and the person who satisfies all the conditions below for each tax year:

- (i) remains in Cyprus for one or more periods which add up to at least 60 days
- (ii) does not remain in another State for one or more periods which exceeds a total of 183 days
- (iii) is not a tax resident in any other State for the same tax year
- (iv) conducts business in Cyprus or/and is employed in Cyprus or/and holds an office in a company tax resident in Cyprus, which is maintained until the 31<sup>st</sup> of December of every tax year, meaning the business, or the employment, or the holding of the office does not terminate before the end of the tax year.
- (v) Maintains permanent residency in Cyprus which he owns or is renting

Regarding the conditions, it is noted that-

- in case of a person who is claiming tax residency in Cyprus based on the 60-day rule for a specific tax year, and part of that year is simultaneously also considered a tax resident of the United Kingdom (UK), there is no violation of condition (iii) above.

It is noted that the tax year of the UK starts on 6/4 and expires on 5/4 of the next calendar year. Therefore, such a case may arise if the person in question is a tax resident of the UK, either during the tax year of UK which expires, or that which starts within the tax year of Cyprus under examination.

It is further noted that the above tax treatment can also be applied in cases of people who for part of the tax year are considered tax residents of another state, for the reason that the tax year of that other state is not in accordance with the tax year of Cyprus, after securing, in advance, the approval of the Registrar.

- In case of a person who holds an office in a company resident in Cyprus, the condition (iv) above is considered to be satisfied only if the person in question, personally and nominally holds a position of an official in the company in question in accordance with the Companies Register of the Department of Registrar of Companies and Intellectual Property, to which that position is maintained until the 31<sup>st</sup> of December of every tax year.

### **2. Obligation to pay special defense contribution**

A person who is a tax resident of Cyprus according to the 60-day rule stay in Cyprus, has an obligation to pay special defense contribution under the Special Contribution for Defense Law, provided that at the same time he has residence (domicile) in Cyprus.

### **3. Issuance of tax residency certificate**

For purposes of issuing a tax residency certificate for people who satisfy the 60-day rule stay in Cyprus, the attached declaration will be submitted [Form T.F. 126 (2022)].

It is noted that it is possible for the issuance of certificate before the passage of 60-day stay, provided that:

- Evidence is provided for the practice of a business or employment or holding of office in Cyprus and the maintained permanent residency in Cyprus (conditions (iv) and (v) above) or/and
- Evidence is provided for the upcoming collection of income from the sources abroad, where this is applied depending on the situation or/and
- It is evidenced, for the satisfaction of the Registrar, that there are other reasons that justify the issuance of certificate before the passage of 60 days stay.

Provided that any documents submitted to the Department of Taxation as evidence will have to be duly stamped based on the provisions of The Cyprus Stamp Duty Law N.19/1963, as amended, and in case the language of writing of these documents is other than Greek or English, additional and certified translation in Greek and English should be submitted.

The interpretive circular 8 with date 22<sup>nd</sup> September 2017 and the interpretative circular 36 with date 22<sup>nd</sup> February 2019, are withdrawn and replaced with the present.